

STATE SENATOR • JIM BARCIA • 31ST DISTRICT

Barcia Press Release

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BARCIA, ESPINOZA ACT TO HELP SUGAR BEET INDUSTRY

LANSING - Sen. Jim Barcia (D-Bay City) and Representative John Espinoza (D-Croswell) introduced legislation today that would allow the Michigan Sugar Company to extend the time period it has to repay a zero-interest loan to the State of Michigan. With a recent disastrous beet storage season, Michigan Sugar predicts that sugar production will be down significantly from previous estimates and growers throughout Michigan are poised to lose tens of thousands of dollars in payments for acres of beets grown. Michigan Sugar's operating revenue is also expected to be down nearly \$33 million from previous estimates.

Senator Barcia, who earlier this week called on Michigan's federal delegation to approve disaster relief money for sugar beet growers, believes that this legislation could help alleviate some of the cash flow problems Michigan Sugar will experience because of the problems with this year's crop. "By allowing Michigan Sugar to begin repayment of these loans in 2008 rather than in March of 2005, the \$1 million that would have gone to the State can help Michigan Sugar strengthen its short term cash flow problems."

Under the terms of a zero-interest \$5 million loan granted to Michigan Sugar in 2002, quarterly payments of \$250,000 are set to begin in March, with final repayment scheduled for 2007. The legislation offered by Senator Barcia and Representative Espinoza would push back the first payment on the loan to 2008, with final payment coming due in 2010.

"Michigan's sugar beet industry needs immediate assistance," said Representative Espinoza. "Hopefully, the federal government will step up to the plate and address this crisis as soon as possible. However, in the meantime, if the State of Michigan can offer some financial relief in the short term, we need to do that."